

**HUMBOLDT COUNTY**

**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2015**

**T.P. ANDERSON & COMPANY, P.C.**  
**Certified Public Accountants**

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## **HUMBOLDT COUNTY**

### **OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John (Mort) Christianson	Supervisor	12-31-2016
Rick Pedersen	Supervisor	12-31-2018
Carl Mattes	Supervisor	12-31-2018
Bruce Reimers	Supervisor	12-31-2018
Jerry Haverly	Supervisor	12-31-2016
Peggy Rice	County Auditor	12-31-2016
Jana Bratland	County Treasurer	12-31-2018
Diane Amundson	County Recorder	12-31-2018
Dean Kruger	County Sheriff	12-31-2016
Linda Fallesen	Assessor	Appointed
Jonathan Beaty	County Attorney	12-31-2018



T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Independent Auditor's Report

To the Board of Supervisors  
Humboldt County  
Dakota City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Humboldt County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Humboldt County as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

### Emphasis of Matter

As discussed in Note 13 to the financial statements, Sample County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 41 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Humboldt County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2016 on our consideration of Humboldt County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humboldt County's internal control over financial reporting and compliance.

*T.P. Anderson & Company P.C.*

March 10, 2016

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Humboldt County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2015 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental funds increased by approximately \$320,000, from fiscal 2014 to fiscal 2015. Operating grants increased by approximately \$260,000 and Capital grants decreased by approximately \$630,000.
- ◆ Program expenses were 2%, or approximately \$.2 million more in fiscal 2015 than in fiscal 2014. Road and transportation expense increased approximately \$190,000 and mental health decreased approximately \$443,000.
- ◆ The County's restated net position increased 4%, or approximately \$743,000, from June 30, 2015 to June 30, 2014.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Humboldt County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Humboldt County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Humboldt County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's Proportionate Share of the Net Pension Liability and related liabilities, the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

## REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, and 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services, the County Assessor, and the County Agricultural Association, to name a few.

The required financial statements for fiduciary funds include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

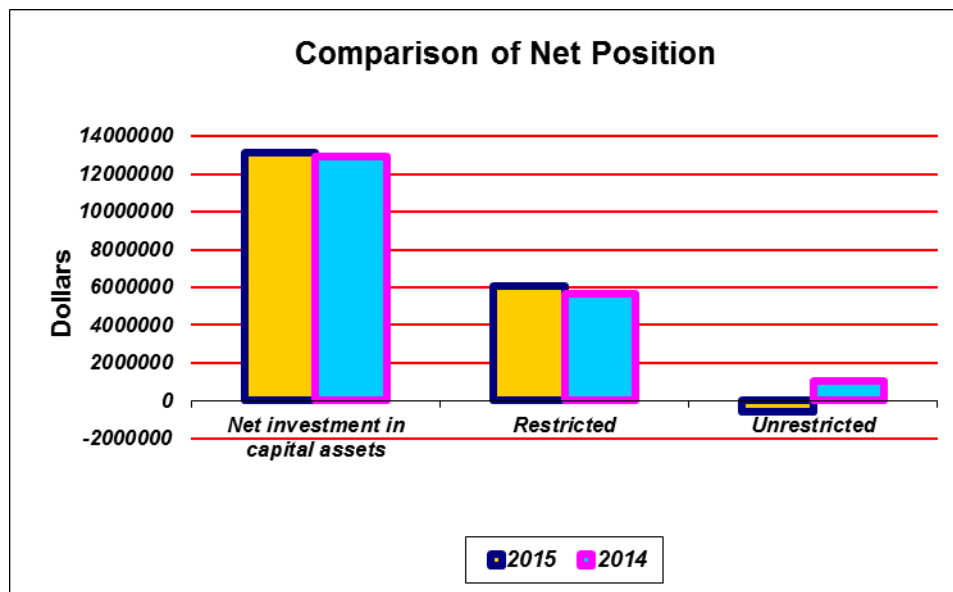


## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Humboldt County's net position increased from a year ago from the restated \$17.8 million to \$18.5 million. The analysis that follows focuses on the changes in the net position for governmental activities.

### Net Assets of Governmental Activities (Expressed in Thousands)

	June 30, 2015	June 30, 2014 (Not Restated)
Current and other assets	\$ 18,222	\$ 16,253
Capital assets	13,099	12,902
Total Assets	31,321	29,155
Deferred outflows of resources	342	-
Long-term debt outstanding	7,095	4,986
Other liabilities	276	4,556
Total Liabilities	7,371	9,542
Deferred inflows of resources	5,738	-
Net Position:		
Net investment capital assets	13,099	12,902
Restricted	6,062	5,677
Unrestricted	(607)	1,034
<b>TOTAL NET POSITION</b>	<b>\$ 18,554</b>	<b>\$ 19,613</b>



Net position of Humboldt County's governmental activities increased by approximately 4% (\$18.6 million compared to \$17.8 million as restated). The largest portion of the County's net position is the amount

invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation stating how they can be used.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements – decreased from approximately \$1,034,000 at June 30, 2014 to a deficit of \$607,000 at the end of this year. This deficit was caused by posting of pension related deferred outflows and pension related deferred inflows of resources.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$1,801,980 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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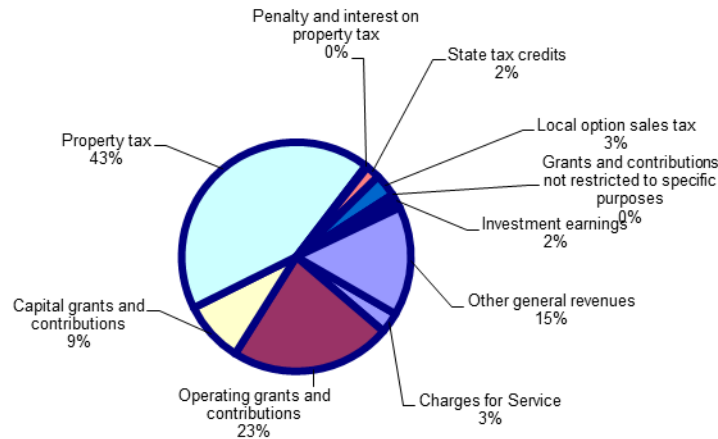
Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

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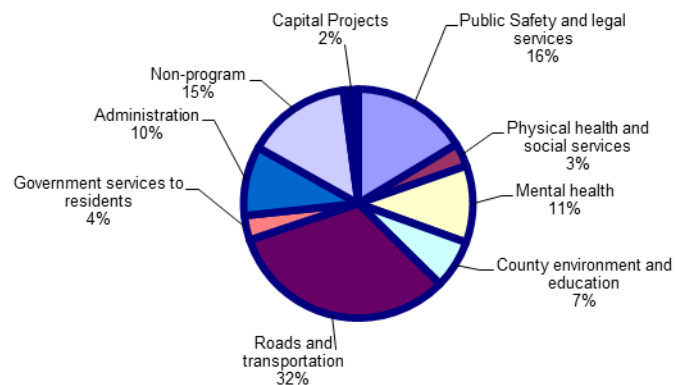
	June 30, 2015	June 30, 2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 346	\$ 329
Operating grants and contributions	2,808	2,548
Capital grants and contributions	348	978
General revenues:		
Property tax	4,812	4,806
Penalty and interest on property tax	34	28
State tax credits	269	223
Local option sales tax	409	365
Grants and contributions not restricted to specific purposes	189	-
Unrestricted investment earnings	281	230
Other general revenues	2,062	1,730
	<u>11,558</u>	<u>11,237</u>
Program Expenses		
Public safety and legal services	1,801	1,736
Physical health and social services	329	350
Mental health	711	1,154
County environment and education	774	730
Roads and transportation	3,640	3,448
Government services to residents	359	370
Administration	1,254	1,042
Non-program	1,654	1,569
Interest payments	293	222
Total expenses	<u>10,815</u>	<u>10,621</u>

Increase in net position	743	616
Net position beginning of year	17,811	18,997
Net position end of year	<u>\$ 18,554</u>	<u>\$ 19,613</u>

### Revenue By Source



### Expenditures By Program



The cost of all governmental activities this year was \$10.8 million compared to \$10.6 million last year. However, as shown in the Statement of Activities on page 13, the amount taxpayers ultimately financed for these activities was only \$7.3 million because some of the cost was paid by those who directly benefited from the programs (\$346,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3,155,000).

Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in 2015 from approximately \$3.9 million to \$3.5 million. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$5.5 million in taxes (some

of which could only be used for certain programs) and with other revenues such as interest and general entitlements.

Humboldt County decreased property tax rates by \$0.00918 per \$1,000 of valuation in the countywide levy. Taxable value by levy without gas and electric utilities, the actual levy rate per \$1,000 of valuation, and total dollars levied are as follows:

	For Taxes Levied Fiscal Year 2015	For Taxes Levied Fiscal Year 2014
Countywide taxable value	\$ 610,663,612	\$ 605,213,324
Countywide levy rate	6.05326	6.06574
Dollars levied	3,593,955	3,568,735
Rural taxable value	388,369,297	382,584,392
Rural tax levy rate	3.95	3.95
Dollars levied rural area only	1,488,146	1,465,664
Total countywide rate	10.00326	10.01574
Total dollars levied countywide	\$ 5,082,101	\$ 5,034,399

## INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$8.3 million, which is approximately \$1.4 million more than last year's total. The increase in fund balance is attributable to the secondary road fund surplus and debt proceeds.

General Fund revenues increased by approximately \$78,000 when compared to the prior year. The ending fund balance showed a \$23,000 increase from the prior year. Decreased expenses for physical health and social services also contributed to the increase fund balance.

The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$719,000. The Mental Health Fund balance at year end increased by approximately \$47,000 from the prior year.

The Rural Services fund ended Fiscal Year 2015 with a fund balance of \$124,000 compared to the prior year-end balance of \$92,000. The increase of \$32,000 in the fund was mainly attributable to increased property tax revenue.

Expenditures in the Secondary Roads Fund decreased by approximately \$129,000 from the prior year. The receipts in the Secondary Road fund were sufficient and there was an increase in the Fund's fund balance of \$674,000.

Significant work in Humboldt County drainage districts continued. The work consisted of continued cleaning and maintenance of the drainage districts. The fund balance for the drainage districts as a whole decreased \$154,000 for the year ended June 30, 2015.

## BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds.

Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget two times. The first amendment was made on December 29, 2014 and increased budgeted expenditures by \$75,900. The increase was for the county environment and education and for administration. The second amendment was made in May of 2015 and resulted in an increase in budgeted revenues of \$130,500 and increased budgeted expenditures by \$1,097,700. This increase was to pay for increased expenses for operating budget for public safety, physical health, roads and transportation, administration and capital projects.

The County did not exceed the budgeted amounts in any function for the year ended June 30, 2015.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2015, Humboldt County had approximately \$13.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions, depreciation and deletions) of approximately \$200,000. The increase is due in part to additional infrastructure added during the year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)			
	June 30,		
	2015	2014	
Land	\$ 659	\$ 417	
Buildings and improvements	2,495	2,498	
Equipment and vehicles	1,215	1,354	
Infrastructure	8,729	8,633	
Total	\$ 13,098	\$ 12,902	

This year's major additions included (in thousands):

New vehicles and equipment for sheriff	26
Land	241
Bridge/culvert project	667
Trucks and heavy equipment	101
Building remodels	118
Other	75
	<u>1,228</u>

The County had depreciation expense of \$1,032,304 during the year ended June 30, 2015 and total accumulated depreciation of \$11,665,618 as of June 30, 2015.

### LONG TERM DEBT

At June 30, 2015, Humboldt County had approximately \$5,596,000 in outstanding obligations. They are displayed below in the chart.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2015	2014
Drainage warrants and improvement certificates	\$ 4,605	\$ 4,786
General obligation bonds	991	-
Total	\$ 5,596	\$ 4,786

Drainage District debt decreased as a result of paying down drainage warrants during the year. General obligation bonds increased during the year resulting from debt to improve the law enforcement center and to acquire land.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Humboldt County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates, and the fees that will be charged for various County activities.

Amounts available for appropriation in the operating budget are \$10.3 million, which is the slightly less than the final 2015 budget. Other County taxes and use of money and property are expected to increase slightly during fiscal year 2016. Humboldt County will use these proceeds to finance programs currently offered and offset the effects of any inflation that may occur. The County has added no major new programs or initiatives to the 2016 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by June 30, 2016.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Humboldt County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Humboldt County Auditor's Office, Courthouse, Dakota City, Iowa.

## **Basic Financial Statements**

**HUMBOLDT COUNTY****Exhibit A****Statement of Net Position****June 30, 2015****Assets**

Cash and pooled investments	\$ 8,310,750
Receivables	
Property tax:	
Delinquent	8,007
Succeeding year	5,031,612
Accounts	68,073
Accrued interest	857
Drainage assessments:	
Current	964,463
Future	3,640,417
Due from other governments	134,869
Inventory	62,976
Capital assets (net of accumulated depreciation)	13,098,612
	<hr/>
Total assets	\$ 31,320,636

**Deferred Outflows of Resources**

Pension related deferred outflows	\$ 342,197
	<hr/>

**Liabilities**

Accounts payable	\$ 214,273
Salaries and benefits payable	61,870
Due to other governments	15
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	47,424
Compensated absences	99,514
Landfill closure liability	5,000
Drainage warrants	964,463
Portion due or payable after one year:	
General obligation bonds	943,866
Other postemployment benefits	100,337
Drainage warrants	3,640,417
Net pension liability	1,278,119
Landfill closure liability	16,143
	<hr/>
Total liabilities	\$ 7,371,441

**Deferred Inflows of Resources**

Unavailable property tax revenue	\$ 5,031,315
Pension related deferred inflows	\$ 706,309
	<hr/>
Total deferred inflows of resources	5,737,624

**Net Position**

Invested in capital assets, net of related debt	13,098,612
Restricted for:	
Supplemental levy purposes	300,318
Mental health purposes	306,506
Rural services	(7,254)
Secondary road purposes	3,716,722
Drainage district purposes	1,006,077
Other purposes	739,711
Unrestricted	(606,924)
	<hr/>
Total net position	\$ 18,553,768

See notes to the financial statements



**HUMBOLDT COUNTY**

**Exhibit B**

**Statement of Activities**

**Year ended June 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Contributions and Restricted Interest	Contributions and Restricted Interest	
<b>Functions/Programs</b>					
Governmental activities:					
Public safety and legal services	\$ 1,800,629	53,816	10,511	10,000	\$ (1,726,302)
Physical health and social services	329,124	-	51,103	-	(278,021)
Mental health	711,531	-	437,587	-	(273,944)
County environment and education	774,001	87,127	19,386	-	(667,488)
Roads and transportation	3,640,121	6,056	2,257,592	300,249	(1,076,224)
Governmental services to residents	358,639	183,860	31,650	-	(143,129)
Administration	1,254,419	15,441	158	-	(1,238,820)
Non-program	1,654,296	-	-	37,161	(1,617,135)
Interest paid on long-term debt	292,585	-	-	-	(292,585)
	<u>\$ 10,815,345</u>	<u>346,300</u>	<u>2,807,987</u>	<u>347,410</u>	<u>(7,313,648)</u>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					4,811,974
Penalty and interest on property tax					34,076
State tax credits					269,342
Local option sales tax					409,242
Grants and contributions not restricted to specific purpose					188,448
Unrestricted investment earnings					281,360
Drainage assessments					1,756,009
Miscellaneous					<u>305,722</u>
Total general revenues					<u>8,056,173</u>
Change in net position					742,525
Net position beginning of year					<u>17,811,228</u>
Net position end of year					<u>\$ 18,553,753</u>

See notes to financial statements.

**HUMBOLDT COUNTY**

**Exhibit C**

**Balance Sheet  
Governmental Funds**

**June 30, 2015**

Assets	Special Revenue						Total
	General	Mental Health	Rural Services	Secondary Roads	Drainage Districts	Nonmajor	
Cash and investments	\$ 1,471,120	310,871	123,888	4,404,761	1,006,077	994,033	\$ 8,310,750
Receivables:							
Property tax:							
Delinquent	5,880	836	1,291	-	-	-	8,007
Succeeding year	3,160,591	344,784	1,526,237	-	-	-	5,031,612
Accounts receivable	23,059	30,920	-	14,004	-	90	68,073
Accrued interest	826	-	-	23	-	8	857
Drainage assessments:	-	-	-	-	-	-	-
Current					964,463		964,463
Future					3,640,417		3,640,417
Due from other governments	23,864	67,699	-	5,103	-	38,203	134,869
Inventory	-	-	-	62,976	-	-	62,976
Total assets	4,685,340	755,110	1,651,416	4,486,867	5,610,957	1,032,334	18,222,024
Liabilities, Deferred Inflows or Resources and Fund Balances							
Liabilities							
Accounts payable	45,076	-	-	67,864	-	101,333	214,273
Salaries and benefits payable	17,913	6,971	-	36,986	-	-	61,870
Due to other governments	15	-	-	-	-	-	15
Total liabilities	63,004	6,971	-	104,850	-	101,333	276,158
Deferred inflows of resources:	-			-	-	-	
Unavailable revenues:							
Succeeding year property tax	3,160,330	344,747	1,526,238	-	-	-	5,031,315
Other	5,880	836	1,291	-	4,604,880	-	4,612,887
Total deferred inflows of resources	3,166,210	345,583	1,527,529	-	4,604,880	-	9,644,202
Fund balances:							
Nonspendable:							
Inventories				62,976			62,976
Restricted for:							
Supplemental levy purposes	300,318	-	-	-	-	-	300,318
Mental health purposes		402,556					402,556
Rural services purposes			123,887				123,887
Secondary road purposes				4,319,041			4,319,041
Drainage warrants	-	-	-	-	1,006,077	-	1,006,077
Resource enhancement and protection	-	-	-	-	-	629	629
Other purposes						930,372	930,372
Unassigned	1,155,808	-	-	-	-	-	1,155,808
	1,456,126	402,556	123,887	4,382,017	1,006,077	931,001	8,301,664
	\$ 4,685,340	755,110	1,651,416	4,486,867	5,610,957	1,032,334	\$ 18,222,024

See notes to financial statements

## HUMBOLDT COUNTY

Exhibit D

### Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2015

Total governmental fund balances (page 14)	\$ 8,301,664
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in the governmental activities are not current financial resources and, therefore are not reported in the funds. The cost of assets is \$24,764,230 and the accumulated depreciation is \$11,665,618.	13,098,612
Other long-term assets are not available to pay current period expenditures and therefore, are recognized as deferred inflows of resources in the governmental funds.	4,612,887
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental fund, as follows:	
Deferred outflows of resources	342,197
Deferred inflows of resources	(706,309)
Long-term liabilities, including bonds payable, compensated absences payable, other postemployment benefits payable, drainage warrants payable, net pension liability and landfill closure payable are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,095,283)</u>
Net position of governmental activities (page 12)	<u><u>\$ 18,553,768</u></u>

See notes to the financial statements.

**HUMBOLDT COUNTY**

**Exhibit E**

**Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds**

**Year ended June 30, 2015**

	Special Revenue						Total
	General	Mental Health	Rural Services	Secondary Roads	Drainage Districts	Non-Major	
<b>Revenues</b>							
Property and other county tax	\$2,971,108	422,265	1,419,935	-	-	-	4,813,308
Interest and penalty on property tax	33,945	116	15	-	-	-	34,076
Intergovernmental	435,370	453,190	118,028	2,546,732	37,161	431,948	4,022,429
Licenses and permits	5,928	-	-	23,984	-	-	29,912
Charges for service	327,967	-	-	6,056	-	12,277	346,300
Use of money and property	280,533	-	-	728	-	99	281,360
Miscellaneous	49,387	2,244	-	157,891	1,756,009	2,495	1,968,026
	<u>4,104,238</u>	<u>877,815</u>	<u>1,537,978</u>	<u>2,735,391</u>	<u>1,793,170</u>	<u>446,819</u>	<u>11,495,411</u>
<b>Expenditures:</b>							
Operating							
Public safety and legal service	1,436,485	-	313,617	-	-	8,185	1,758,287
Physical health and social services	330,755	-	-	-	-	-	330,755
Mental health	-	719,010	-	-	-	-	719,010
County environment and education	554,277	-	141,054	-	-	241,290	936,621
Roads and transportation	11,307	-	-	3,006,732	-	-	3,018,039
Governmental services to residents	367,455	-	2,804	-	-	-	370,259
Administration	1,284,088	-	-	-	-	4,881	1,288,969
Non-program	-	-	-	-	1,474,670	-	1,474,670
Debt service	-	-	-	-	1,912,361	-	1,912,361
Capital projects	-	-	-	632,013	-	151,333	783,346
	<u>3,984,367</u>	<u>719,010</u>	<u>457,475</u>	<u>3,638,745</u>	<u>3,387,031</u>	<u>405,689</u>	<u>12,592,317</u>
Excess (deficiency) of revenues over (under) expenditures	119,871	158,805	1,080,503	(903,354)	(1,593,861)	41,130	(1,096,906)
<b>Other financing sources (uses)</b>							
Sale of capital assets	6,447	-	-	7,346	-	-	13,793
Loan proceeds	-	-	-	-	-	1,041,290	1,041,290
Operating transfers in	-	46,936	117,984	1,570,232	-	-	1,735,152
Operating transfers out	(103,049)	-	(1,166,564)	-	-	(465,539)	(1,735,152)
Drainage warrants	-	-	-	-	1,440,150	-	1,440,150
	<u>(96,602)</u>	<u>46,936</u>	<u>(1,048,580)</u>	<u>1,577,578</u>	<u>1,440,150</u>	<u>575,751</u>	<u>2,495,233</u>
Net change in fund balances	23,269	205,741	31,923	674,224	(153,711)	616,881	1,398,327
Fund balances beginning of year	1,432,857	196,815	91,964	3,707,793	1,159,788	314,120	6,903,337
Fund balances end of year	<u>\$1,456,126</u>	<u>402,556</u>	<u>123,887</u>	<u>4,382,017</u>	<u>1,006,077</u>	<u>931,001</u>	<u>8,301,664</u>

See notes to the financial statements.

**HUMBOLDT COUNTY**

**Exhibit F**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds to the Statement  
of Activities**

**Year ended June 30, 2015**

Net change in fund balances - total governmental funds (page - 16) \$ 1,398,327

*Amounts reported for governmental activities in the Statement of  
Activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	1,228,442	
Depreciation expense	(1,032,304)	196,138

Drainage improvement costs that are expenditures paid for governmental fund reporting but matched with the revenues for entity wide reporting		179,626
---	--	---------

Because revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds as follows:

Property tax		(1,334)
--------------	--	---------

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues exceeded repayments as follows:

Long-term debt issued	(1,041,290)	
Long-term debt repaid	50,000	
Drainage warrants issued	1,440,150	
Drainage warrants repaid	(1,619,776)	(1,170,916)

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds but are recorded as deferred outflows of resources in the statement of net position.		258,401
---	--	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(6,455)	
Other postemployment benefits	(16,723)	
Pension expense	(98,652)	
Landfill closure liability	4,113	(117,717)

Changes in net assets of governmental activities (page 13)		\$ 742,525
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See notes to the financial statements.

# HUMBOLDT COUNTY

Exhibit G

## Statement of Fiduciary Assets and Liabilities Agency Funds

Year ended June 30, 2015

### Assets

Cash and pooled investments	
County Treasurer	\$ 786,722
Other County officials	17,266
Property tax receivable	
Delinquent	25,370
Succeeding year	13,490,322
Accounts receivable	13,019
Accrued interest	8
Due from other governments	-
Capital assets	117,434
	<hr/>
Total Assets	14,450,141
	<hr/>

### Liabilities

Accounts payable	1,002
Salaries and benefits payable	12,862
Due to other governments	14,419,011
Notes payable	-
Trusts payable	17,266
Compensated absences	-
	<hr/>
Total Liabilities	14,450,141
	<hr/>

### Net Assets

\$	-
	<hr/> <hr/>

See notes to the financial statements.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Humboldt County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

##### A. – Reporting Entity

For financial reporting purposes, Humboldt County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Humboldt County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities, which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

One hundred twenty drainage districts have been established pursuant to Chapter 468 of the Code of Iowa in Humboldt County for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Humboldt County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Humboldt County Auditor's office.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is not an ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Joint Law Enforcement Board, Co-City Transportation, Humboldt County E-911 Services Board, Humboldt County Landfill Commission, Humboldt County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

#### B. - Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.



## **HUMBOLDT COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, intellectual disabilities, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services, which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the state of Iowa, required transfers from the General and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Drainage Districts Fund is used to account for drainage district construction and maintenance activities and the assessments that are levied to pay for them.

Additionally, the County reports the following funds:

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

#### **C. - Measurement Focus and Basis of Accounting**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues, (shared revenues, grants, and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditure is incurred in governmental funds, which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents, and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2014.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represents amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represents assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Due From and Due To Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 and estimated useful lives of more than two years.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (in years)
Building	40 - 50
Building improvements	20 – 50
Infrastructure	30 – 50
Equipment	2 – 20
Vehicles	3 – 10

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Due To Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end. Deferred inflows of resources in the balance sheet for the drainage district funds are for funds that have been spent but have not been assessed the landowners.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specific use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

#### E. - Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the County environment and education function.

#### NOTE 2 – CASH AND POOLED INVESTMENTS

The County's bank deposits (including \$5,584,907 money market savings accounts) at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-ended management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2015 are as follows:

<u>Type</u>	<u>Fair Value</u>
Stamped Drainage Warrants	<u>\$3,447,841</u>

Interest Rate Risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 – CASH AND POOLED INVESTMENTS - continued

Credit Risk. The County's investments are unrated.

Concentration of Credit Risk. The County places various limits on the amount that may be invested in any one issuer. More than 38% of the County's total cash and investments are invested in drainage warrants.

#### NOTE 3 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency:		
Agricultural Extension Education	Collections	\$ 139,886
County Assessor		521,297
Schools		7,526,040
Community Colleges		508,266
Corporations		4,538,529
Townships		236,007
Use Tax		110,821
Public Safety		283,348
Motor Vehicle		150,034
Other		<u>404,783</u>
Total for agency funds		<u>\$14,419,011</u>

#### NOTE 4 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from:</u>	<u>Amount</u>
Mental Health	Drop In Center	<u>46,936</u>
Rural Services	Community Better Lost	<u>117,984</u>
Secondary Road	General Fund	103,049
	Special Revenue	
	Rural Services	1,166,564
	Secondary Road Lost	<u>300,619</u>
		<u>\$1,570,232</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

# HUMBOLDT COUNTY

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital Assets not being depreciated:				
Land	417,369	241,290	-	658,659
Capital Assets being depreciated:				
Buildings and improvements	4,743,754	118,089	-	4,861,843
Equipment and vehicles	6,221,225	201,851	88,903	6,334,173
Infrastructure, road network	12,242,343	667,212	-	12,909,555
Total capital assets being depreciated	23,207,322	987,152	88,903	24,105,571
Less accumulated depreciation for:				
Buildings and improvements	2,245,369	121,068	-	2,366,437
Equipment and vehicles	4,866,756	341,165	88,903	5,119,018
Infrastructure, road network	3,610,092	570,071	-	4,180,163
Total accumulated depreciation	10,772,217	1,032,304	88,903	11,665,618
Total capital assets being depreciated, net	12,485,105			12,439,953
Governmental activities capital assets, net	\$ 12,902,474			13,098,612

No interest cost was capitalized during the year. Interest cost charged to expense during the year totaled \$292,585.

Depreciation expense was charged to the following functions:

Governmental Activities:

Public Safety	38,320
County Environment	47,222
Roads and Transportation	813,175
Administration	133,587
	1,032,304



# HUMBOLDT COUNTY

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 –LONG-TERM LIABILITIES

A summary of changes in long-term debt for the year ended June 30, 2015 is as follows:

	General Obligation Bonds	Drainage Warrants	Post Closure Costs	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	\$ -	\$4,784,506	\$25,256	\$93,059	\$2,048,646	\$83,614	\$7,035,081
Increases	1,041,290	1,440,150	0	6,455	0	16,723	2,504,618
Decreases	50,000	1,619,776	4,113	0	770,527	0	2,444,416
Balance end of year	991,290	4,604,880	21,143	99,514	1,278,119	100,337	7,095,283
Due within one year	\$ 47,424	\$964,463	\$5,000	\$99,514	\$ -	\$ -	1,116,401

### Bonds Payable

A summary of the County's June 30, 2015 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Courthouse Renovations and Land Purchase		Total
		Principal	Interest	
2016	2.48-3.93%	\$ 47,424	\$ 23,048	\$ 70,472
2017	2.48-3.93%	94,587	25,597	120,184
2018	2.48-3.93%	97,631	22,549	120,180
2019	2.48-3.93%	100,748	19,400	120,148
2020	2.48%	52,200	16,142	68,342
2020-2025	2.48%	281,100	60,639	341,739
2026-2030	2.48%	317,600	24,021	341,621
Total		\$991,290	\$ 191,396	\$1,182,686

### Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

### NOTE 7 - PENSION AND RETIREMENT BENEFITS

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 7 - PENSION AND RETIREMENT BENEFITS – continued

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriff and deputy and protection occupation members may retire at normal retirement age which is generally at age 55. Sheriff and deputy and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff and deputy and protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 7 - PENSION AND RETIREMENT BENEFITS – continued

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the County contributed 8.93 percent for a total rate of 14.88 percent. Sheriff and deputy members and the County both contributed 9.88 percent of pay for a total rate of 19.76 percent. Protection occupation members contributed 6.76 percent of pay and the County contributed 10.14 percent for a total rate of 16.90 percent.

The County's contributions to IPERS for the year ended June 30, 2015 were \$258,400.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$1,278,119 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was .0367796, which was a decrease of .003940 from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$112,583. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,348	\$ 18,168
Changes of assumptions	58,267	19,118
Net difference between projected and actual earnings on pension plan investments	-	669,023
Changes in proportion and differences between County contributions and proportionate share of contributions	11,182	-
County contributions subsequent to the measurement date	258,400	-
Total	<u>\$ 342,197</u>	<u>\$ 706,309</u>

\$258,400 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2016	\$ (156,388)
2017	(156,388)
2018	(156,388)
2019	(156,388)
2020	3,042
	<u>\$ (622,512)</u>

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 7 - PENSION AND RETIREMENT BENEFITS - continued

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 7 - PENSION AND RETIREMENT BENEFITS - continued

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	\$ 2,809,024	\$ 1,278,119	\$ (12,755)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the County reported payables to the defined benefit pension plan of \$21,951 for legally required employer contributions and \$15,968 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

#### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 64 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

The medical coverage is administered by Wellmark. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit subsidy. The implicit subsidies result in an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

	2015
Annual required contribution	\$ 16,723
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	16,723
Net OPEB obligation beginning of year	83,614
Net OPEB obligation end of year	\$ 100,337

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the years ended June 30, 2015, the County did not contribute to the medical plan.

The County's annual actuarially determined OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 16,723	\$ 0	\$100,337
June 30, 2014	\$ 16,723	\$ 0	\$ 83,614
June 30, 2013	\$ 30,453	\$ 30,435	\$ 66,891

Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013 and July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$283,820, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$283,820. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,934,000 and the ratio of the UAAL to covered payroll was 10% for 2015 and 10% for 2014. As of June 30, 2015 and 2014, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

## **HUMBOLDT COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - continued**

The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed based on national averages.

Projected claim costs of the medical plan are \$920 per month for retirees. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **NOTE 9 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance to insure property, liability, worker's compensation and employees. Settled claims resulting from those risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **NOTE 10 - CLOSURE AND POSTCLOSURE CARE COSTS**

The County participates in an agreement with the Humboldt County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The Humboldt County Sanitary Landfill closed in 1995 and in compliance with federal and state regulations; the Commission is required to provide financial assurance for the postclosure care period. The County has provided a Local Government Guarantee for postclosure costs of the landfill as per Chapter 111.6(3) of the Iowa Administrative Code. The total costs for postclosure care at the Humboldt County Sanitary Landfill have been estimated at \$300,060 as of June 30, 2015. This is the amount being assured by the County through the Local Government Guarantee.



## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 10 - CLOSURE AND POSTCLOSURE CARE COSTS, *continued*

Humboldt County, while guaranteeing the complete postclosure costs for the Humboldt County Solid Waste Commission, has recorded in the long term debt account group \$25,050 to reflect their estimate of the present value of their share (32%) of the postclosure costs for the Humboldt County Solid Waste Commission. During the year ended June 30, 2015, Humboldt County paid \$4,113 in fees to the Humboldt County Solid Waste Commission.

#### NOTE 11 – PROTECTION PAYEE PROGRAM

The community services office of Humboldt County supervises a protective payee program that provides assistance to certain residents with balancing their bank accounts and paying their bills. The County's responsibility for the program is limited to screening potential volunteers who in fact pay the bills and providing a location for a third party to review all transactions for appropriateness. At June 30, 2015, 16 individuals were receiving assistance. The individuals being assisted held a total of \$23,737 as of June 30, 2015. The dollars in this program are insured by AARP.

#### NOTE 12 - JOINTLY GOVERNED ORGANIZATION

Humboldt County participates in the Humboldt County Law Enforcement Center (LEC), a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an agency fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2015:

Additions:

Contributions from governmental units:

Humboldt County	\$ 271,369	
City of Humboldt	<u>116,317</u>	
		\$ 387,686

Deductions:

Salaries	\$ 177,811	
Benefits	78,857	
Office supplies	8,098	
Office equipment	557	
Data processing	25,232	
Uniforms	1,081	
Telephone	5,110	
Utilities	6,724	
Repairs	4,267	
Insurance	10,042	
Miscellaneous	<u>949</u>	
		<u>318,728</u>

Net \$ 68,958

Balance beginning of year 227,640

Balance end of year \$ 296,598

## HUMBOLDT COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 13 – HUMBOLDT COUNTY FINANCIAL INFORMATION INCLUDED IN THE COUNTY SOCIAL SERVICES MENTAL HEALTH REGION

County Social Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Allamakee County, Black Hawk County, Butler County, Cerro Gordo County, Chickasaw County, Clayton County, Emmet County, Fayette County, Floyd County, Grundy County, Hancock County, Howard County, Kossuth County, Mitchell County, Pocahontas County, Tama County, Webster County, Winnebago County, Winneshiek County, Worth County, Wright County, and Humboldt County. The financial activity of Humboldt County's Special Revenue, Mental Health Fund is included in the County Social Services Mental Health Region for the year ended June 30, 2015 as follows:

Revenues		
Property and other county tax		\$ 422,265
Penalty and interest on property tax		116
Intergovernmental		
State tax credits	43,009	
Social services block grant	25,783	
Medicaid	353,423	
Other	30,975	453,190
Miscellaneous		2,244
		<hr/> 877,815
Expenditures		
Services to persons with:		
Mental illness	2,080	
Intellectual disability	22,992	25,072
General administration		
Direct administration	25,061	
Distribution to regional fiscal agent	380,000	
County provided case management	288,877	405,068
Total expenditures		<hr/> 719,010
Excess of revenues over expenditures		158,805
Transfers in		46,936
Fund balance, beginning of year		196,815
Fund balance, end of year		<hr/> 402,556

#### NOTE 14 – ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition

year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$19,613,208
Net pension liability at June 30, 2014	(2,048,646)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>246,666</u>
Net position July 1, 2014, as restated	<u>\$17,811,228</u>

#### **NOTE 15 – LITIGATION**

Humboldt County has several cases pending. The County has pending litigation involving land rights and right of way issues. The County also is involved in a lawsuit for allowing an obstruction in the right of way. The probable outcome or loss to the County, if any, has not been determined.

#### **NOTE 16 – SUBSEQUENT EVENTS**

The County's management has considered transactions and events through March 10, 2016 for potential disclosure in the financial statements.

## **Required Supplementary Information**

**HUMBOLDT COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES**  
**BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2015**

	Less Funds not Required		
	Actual	to be Budgeted	Net
Receipts:			
Property tax and other county tax	\$ 4,814,285	-	4,814,285
Interest and penalty on property tax	33,127	-	33,127
Intergovernmental	3,922,102	37,161	3,884,941
Licenses and permits	28,555	-	28,555
Charges for service	343,362	-	343,362
Use of money and property	281,212	-	281,212
Miscellaneous	1,961,213	1,756,009	205,204
	<u>11,383,856</u>	<u>1,793,170</u>	<u>9,590,686</u>
Disbursements:			
Program			
Public safety and legal services	1,774,228	-	1,774,228
Physical health and social services	345,582	-	345,582
Mental health	814,315	-	814,315
County environment and education	760,148	-	760,148
Roads and transportation	2,967,587	-	2,967,587
Government services to residents	374,918	-	374,918
Administration	1,244,405	-	1,244,405
Capital Projects	672,800	-	672,800
Debt Service	1,912,361	1,912,361	-
Non-program	1,474,670	1,474,670	-
	<u>12,341,014</u>	<u>3,387,031</u>	<u>8,953,983</u>
Excess (deficiency) of receipts over disbursements	(957,158)	(1,593,861)	636,703
Other financing sources	<u>2,255,107</u>	<u>1,440,150</u>	<u>814,957</u>
Excess (disbursements) of receipts and other financing sources over (under) disbursements and other financing	1,297,949	(153,711)	1,451,660
Balance beginning of year	<u>7,023,258</u>	<u>1,159,788</u>	<u>5,863,470</u>
Balance end of year	<u>\$ 8,321,207</u>	<u>1,006,077</u>	<u>7,315,130</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
5,377,706	5,377,706	(563,421)
20,975	20,975	12,152
2,907,669	3,027,069	857,872
5,950	5,950	22,605
292,450	296,550	46,812
64,465	64,465	216,747
47,124	54,124	151,080
8,716,339	8,846,839	743,847

1,756,596	1,805,596	31,368
402,873	427,373	81,791
939,348	939,348	125,033
779,056	830,656	70,508
3,201,448	3,281,448	313,861
396,221	398,221	23,303
1,194,854	1,281,354	36,949
369,000	1,249,000	576,200
-	-	-
-	-	-
9,039,396	10,212,996	1,259,013

(323,057)	(1,366,157)	2,002,860
1,000	(46,000)	860,957

(322,057)	(1,412,157)	2,863,817
5,272,193	(1,261,248)	7,124,718
4,950,136	(2,673,405)	9,988,535

## HUMBOLDT COUNTY

### Budgetary Comparison Schedule - Budget to GAAP Reconciliation

#### Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 11,383,856	111,555	11,495,411
Expenditures	12,341,014	251,303	12,592,317
Net	(957,158)	(139,748)	(1,096,906)
Other Financing Sources, net	2,255,107	240,126	2,495,233
Beginning Fund Balances	7,023,258	(119,921)	6,903,337
Ending Fund Balances	<u>\$ 8,321,207</u>	<u>(19,543)</u>	<u>8,301,664</u>

See accompanying independent auditor's report.

## **HUMBOLDT COUNTY**

### **Notes to Required Supplementary Information – Budgetary Reporting**

**June 30, 2015**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end. One hundred and twenty-three drainage districts have been included as a blended component unit in the financial statements. The finances for the drainage districts are not required to be budgeted and therefore the revenues and expenditures for the drainage districts have been removed from the actual results column contained on the Budgetary Comparison Schedule (page 39).

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted includes disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year a two budget amendments increased budgeted receipts by \$130,500 and increased budgeted disbursements by \$1,173,600. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2015 disbursements did not exceed the amounts budgeted in any of the County functions.



## HUMBOLDT COUNTY

### Schedule of the County's Proportionate Share of the Net Pension Liability

#### Iowa Public Employees' Retirement System Last Fiscal Year\*

##### Required Supplementary Information

	<u>2015</u>
County's proportion of the net pension liability	0.036780%
County's proportionate share of the net pension liability	1,278,119
County's covered-employee payroll	2,570,819
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	49.72%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30

See accompanying independent auditors report.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

# HUMBOLDT COUNTY

## Schedule of County Contributions

### Iowa Public Employees' Retirement System Last 10 Fiscal Years

#### Required Supplementary Information

	2015	2014	2013	2012
Statutorily required contribution	\$ 258,400	\$ 234,322	\$ 221,309	\$ 208,516
Contributions in relation to the statutorily required contribution	258,400	234,322	221,309	208,516
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	2,834,976	2,570,819	2,485,744	2,486,342
Contributions as a percentage of covered-employee payroll	9.11%	9.11%	8.90%	8.39%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 176,880	\$ 165,490	\$ 168,288	\$ 144,335	\$ 140,290	\$ 136,729
<u>176,880</u>	<u>165,490</u>	<u>168,288</u>	<u>144,335</u>	<u>140,290</u>	<u>136,729</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2,425,647	2,421,809	2,563,303	2,277,965	2,278,880	2,228,172
7.29%	6.83%	6.57%	6.34%	6.16%	6.14%

## HUMBOLDT COUNTY

### Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

#### Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

#### Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

## **Supplementary Information**

# HUMBOLDT COUNTY

## Schedule of Funding Progress for the Retiree Health Plan (In Thousands)

### Required Supplementary Information

Year ended June 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2010	July 1, 2009	\$ -	\$ 246	246	0.00%	\$ 2,800	8.79%
2011	July 1, 2009	\$ -	\$ 246	246	0.00%	\$ 2,824	8.71%
2012	July 1, 2009	\$ -	\$ 246	246	0.00%	\$ 2,928	8.40%
2013	July 1, 2012	\$ -	\$ 246	246	0.00%	\$ 2,928	8.40%
2014	July 1, 2012	\$ -	\$ 246	246	0.00%	\$ 2,934	8.38%
2015	July 1, 2012	\$ -	\$ 246	246	0.00%	\$ 3,074	8.00%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

## HUMBOLDT COUNTY

### Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2015

Assets	Special Revenue				
	Records		Jail	Community	Secondary
	Management	REAP	Assessments	LOST	Roads LOST
Cash and investments	\$ 9,033	623	9,343	119,590	34,687
Receivables					
Accounts receivable	-	-	90	-	-
Accrued interest	2	6	-	-	-
Due from other governments	215	-	-	11,332	26,441
Total Assets	9,250	629	9,433	130,922	61,128
Liabilities and Fund Balance					
Liabilities					
Accounts payable	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund balances					
Restricted for:					
Resource enhancement and protection	-	629	-	-	-
Other purposes	9,250	-	9,433	130,922	61,128
Total fund balances	9,250	629	9,433	130,922	61,128
Total liabilities and fund balances	\$ 9,250	629	9,433	130,922	61,128

See Independent Auditor's Report



**Schedule 1**

Special Revenue				Capital Project		
Conservation Land Acquisition Trust	DARE	K9	Recorder's Electronic Fees	Drop-In	LEC	Total
2,070	8,513	-	174	-	810,000	\$ 994,033
-	-	-	-	-	-	90
-	-	-	-	-	-	8
-	-	-	215	-	-	38,203
2,070	8,513	-	389	-	810,000	1,032,334
-	-	-	-	-	101,333	101,333
-	-	-	-	-	-	-
-	-	-	-	-	101,333	101,333
-	-	-	-	-	-	629
2,070	8,513	-	389	-	708,667	930,372
2,070	8,513	-	389	-	708,667	931,001
2,070	8,513	-	389	-	810,000	\$ 1,032,334

# HUMBOLDT COUNTY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue				
	Records Management	REAP	Jail Assessments	Community Betterment LOST	Secondary Roads LOST
Revenues					
Intergovernmental	\$ -	12,706	-	122,773	286,469
Charges for service	2,037	-	8,203	-	-
Use of money and property	21	78	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	2,058	12,784	8,203	122,773	286,469
Expenditures:					
Operating					
Public safety and legal service	-	-	6,114	-	-
Mental health	-	-	-	-	-
County environment and education	-	241,290	-	-	-
Administration	2,875	-	-	-	-
Capital projects	-	36,013	-	-	-
Total expenditures	2,875	277,303	6,114	-	-
Excess (deficiency) of revenues over (under) expenditures	(817)	(264,519)	2,089	122,773	286,469
Other financing (uses)					
Loans proceeds	-	241,290	-	-	-
Operating transfers out	-	-	-	(117,984)	(300,619)
Total other financing (uses)	-	241,290	-	(117,984)	(300,619)
Net change in fund balances	(817)	(23,229)	2,089	4,789	(14,150)
Fund balances beginning of year	10,067	23,858	7,344	126,133	75,278
Fund balances end of year	\$ 9,250	629	9,433	130,922	61,128

See Independent Auditor's Report

**Schedule 2**

Conservation Land Acquisition Trust	Special Revenue			Capital Project		
	DARE	K9	Recorder's Electronic Fees	Drop-In	LEC	Total
-	-	-	-	-	10,000	\$ 431,948
-	-	-	2,037	-	-	12,277
-	-	-	-	-	-	99
2,070	425	-	-	-	-	2,495
2,070	425	-	2,037	-	10,000	446,819
-	1,697	374	-	-	-	8,185
-	-	-	-	-	-	-
-	-	-	-	-	-	241,290
-	-	-	2,006	-	-	4,881
13,987	-	-	-	-	101,333	151,333
13,987	1,697	374	2,006	-	101,333	405,689
(11,917)	(1,272)	(374)	31	-	(91,333)	41,130
-	-	-	-	-	800,000	1,041,290
-	-	-	-	(46,936)	-	(465,539)
-	-	-	-	(46,936)	800,000	575,751
(11,917)	(1,272)	(374)	31	(46,936)	708,667	616,881
13,987	9,785	374	358	46,936	-	314,120
2,070	8,513	-	389	-	708,667	\$ 931,001

# HUMBOLDT COUNTY

## COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

Year Ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and Pooled Investments					
County Treasurer	\$ -	1,717	139,129	69,782	5,107
Other County officials	17,266	-	-	-	-
Receivables					
Accounts receivable	-	-	-	-	-
Accrued interest	-	-	-	-	-
Property tax					
Delinquent	-	332	718	12,788	977
Succeeding year	-	137,837	385,106	7,443,470	502,182
Due from other governments	-	-	-	-	-
Capital Assets	-	-	-	-	-
Total assets	17,266	139,886	524,953	7,526,040	508,266
Liabilities					
Accounts payable	-	-	509	-	-
Salaries and benefits payable	-	-	3,147	-	-
Due to other governments		139,886	521,297	7,526,040	508,266
Notes Payable	-	-	-	-	-
Trusts payable	17,266	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	\$ 17,266	139,886	524,953	7,526,040	508,266

See Independent Auditor's Report

**Schedule 3**

<u>Corporations</u>	<u>Townships</u>	<u>Use Tax</u>	<u>Public Safety</u>	<u>Motor Vehicle</u>	<u>Other</u>	<u>Total</u>
29,708	2,224	110,821	173,195	150,034	105,005	\$ 786,722
-	-	-	-	-	-	17,266
-	-	-	1,553	-	11,466	13,019
-	-	-	-	-	8	8
9,807	199	-	-	-	549	25,370
4,499,014	233,584	-	-	-	289,129	13,490,322
-	-	-	-	-	-	-
-	-	-	117,434	-	-	117,434
<u>4,538,529</u>	<u>236,007</u>	<u>110,821</u>	<u>292,182</u>	<u>150,034</u>	<u>406,157</u>	<u>14,450,141</u>
-	-	-	34	-	459	1,002
-	-	-	8,800	-	915	12,862
4,538,529	236,007	110,821	283,348	150,034	404,783	14,419,011
-	-	-	-	-	-	-
-	-	-	-	-	-	17,266
-	-	-	-	-	-	-
<u>4,538,529</u>	<u>236,007</u>	<u>110,821</u>	<u>292,182</u>	<u>150,034</u>	<u>406,157</u>	<u>\$ 14,450,141</u>

**HUMBOLDT COUNTY**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**

**Year Ended June 30, 2015**

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations
Assets and Liabilities						
Balance beginning of year	\$ 15,989	179,872	520,887	7,426,760	539,253	4,298,447
Additions						
Property tax and other county tax	-	133,035	378,274	7,241,651	487,535	4,298,692
E911 surcharge	-	-	-	-	-	-
State tax credits	-	11,899	25,661	496,351	35,604	370,201
Drivers license fees	-	-	-	-	-	-
Office fees, collections and misc.	199,364	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	605	-	-	-	-	-
Miscellaneous	-	-	216	-	-	4,883
Total additions	215,958	324,806	925,038	15,164,762	1,062,392	8,972,223
Deductions						
Agency remittances						
To other funds	79,842	-	-	-	-	-
To other governments	118,245	184,920	400,085	7,638,722	554,126	4,433,694
Trusts paid out	605	-	-	-	-	-
Total deductions	198,692	184,920	400,085	7,638,722	554,126	4,433,694
Balance end of year	\$ 17,266	139,886	524,953	7,526,040	508,266	4,538,529

See Independent Auditor's Report

**Schedule 4**

Townships	Use Tax	Public Safety	Motor Vehicles	Other	Total
232,177	100,134	220,117	146,978	434,142	\$ 14,114,756
229,815	-	-	-	282,510	13,051,512
-	-	-	-	204,395	204,395
11,055	-	-	-	19,619	970,390
-	-	-	-	47,196	47,196
-	-	-	-	114,520	313,884
-	1,223,873	-	2,076,733	5,069	3,305,675
-	-	425,186	-	7,948	433,134
-	-	-	-	-	605
-	-	-	-	364,862	369,961
473,047	1,324,007	645,303	2,223,711	1,480,261	32,811,508
-	-	-	-	-	79,842
237,040	1,213,186	-	2,073,677	874,320	17,728,015
-	-	354,674	-	198,231	553,510
237,040	1,213,186	354,674	2,073,677	1,072,551	18,361,367
236,007	110,821	290,629	150,034	407,710	\$ 14,450,141

**HUMBOLDT COUNTY**

**Schedule 5**

**Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds**

**For the Last Ten Years**

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Property and other county tax	\$ 4,813,308	\$ 4,806,213	\$ 4,659,205	\$ 4,503,583	\$ 4,438,639	\$ 4,150,452	\$ 4,047,323	\$ 3,945,865	\$ 3,938,703	\$ 4,166,190
Interest and penalty on property tax	34,076	28,315	31,158	27,254	32,175	27,632	29,381	30,608	30,982	38,735
Intergovernmental	4,022,429	4,234,186	4,539,522	4,387,363	4,125,211	3,783,358	3,578,785	4,408,164	3,752,347	3,921,789
Licenses and permits	29,912	50,460	48,236	45,294	37,775	19,910	26,084	38,069	26,050	22,557
Charges for service	346,300	329,312	340,705	303,095	394,908	395,404	360,820	227,264	268,939	250,900
Use of Money and Property	281,360	230,347	59,871	128,241	84,881	112,636	357,596	326,728	373,748	355,043
Miscellaneous	1,968,026	2,511,203	1,184,989	1,012,949	687,093	743,151	1,570,882	861,644	1,826,848	497,216
<b>Total</b>	<b>11,495,411</b>	<b>12,190,036</b>	<b>10,863,686</b>	<b>10,407,779</b>	<b>9,800,682</b>	<b>9,232,543</b>	<b>9,970,871</b>	<b>9,838,342</b>	<b>10,217,617</b>	<b>9,252,430</b>
<b>Expenditures</b>										
Current										
Public safety and legal services	1,758,287	1,735,420	1,713,784	1,586,923	1,717,125	1,525,119	1,476,575	1,428,044	1,367,314	1,336,999
Physical health and social services	330,755	350,491	293,763	349,538	356,967	343,191	335,663	276,753	258,625	289,473
Mental health	719,010	1,154,193	1,098,798	1,410,831	1,299,645	1,162,294	1,276,697	1,281,320	1,293,368	1,108,071
County environment and education	986,621	733,782	768,008	705,514	833,832	568,556	611,497	632,849	602,204	497,867
Roads and transportation	3,018,039	3,406,816	2,922,172	3,501,016	3,360,878	2,753,153	2,537,436	2,969,259	2,417,710	2,917,945
Governmental services to residents	370,259	370,149	363,439	370,930	379,381	392,300	401,145	285,869	321,364	457,539
Administration	1,288,969	1,024,785	1,051,169	984,538	952,032	951,143	1,221,738	923,389	914,873	985,062
Non-program	1,474,670	1,563,276	4,382,652	2,811,422	1,841,028	2,955,896	2,500,432	2,940,939	4,070,029	2,261,053
Debt service	1,912,361	2,364,174	-	-	-	-	-	-	-	-
Capital Projects	733,346	372,167	292,469	242,868	483,398	682,862	151,680	592,457	495,593	436,146
<b>Total</b>	<b>\$ 12,592,317</b>	<b>\$ 13,075,253</b>	<b>\$ 12,886,254</b>	<b>\$ 11,963,580</b>	<b>\$ 11,224,286</b>	<b>\$ 11,334,514</b>	<b>\$ 10,512,863</b>	<b>\$ 11,330,879</b>	<b>\$ 11,741,080</b>	<b>\$ 10,290,155</b>

See Independent Auditor's report.





T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Officials of Humboldt County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Humboldt County, Iowa, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 10, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Humboldt County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt County's internal control. Accordingly, we do not express an opinion on the effectiveness of Humboldt County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings as items II-A-15 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Humboldt County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which we described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Humboldt County's Responses to Findings**

Humboldt County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Humboldt County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Humboldt County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*T.P. Anderson & Company*

March 10, 2016

**HUMBOLDT COUNTY**  
**SCHEDULE OF FINDINGS**  
**Year Ended June 30, 2015**

Part I: Summary of Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

## HUMBOLDT COUNTY

### SCHEDULE OF FINDINGS Year Ended June 30, 2015

#### Part II: Findings Related to the General Purpose Financial Statements

##### INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties - During our examination of the system of internal accounting control, the existing procedures are evaluated in order to determine that incompatible duties, from a control viewpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore, maximizes the accuracy of the County's financial statements. We noted that in the Recorder's and Sheriff's offices receipts, record keeping, and reconciling functions are at times handled by one office employee.

Cause – Each of the offices mentioned have a staff size that does not allow for a segregation of duties at all times.

Effect – Controls over the receipts and disbursements in the offices mentioned were deficient.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, in the above mentioned offices, the management should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned - We have reviewed procedures and plan to utilize our current employees to maximize internal control to the extent possible.

Conclusion - Response accepted.

##### INSTANCES OF NON-COMPLIANCE:

No matters were reported.

#### Part III: Other Findings Related to Required Statutory Reporting

III-A-15 Certified Budget – The County did not exceed the budgeted disbursements in any function.

## HUMBOLDT COUNTY

### SCHEDULE OF FINDING Year Ended June 30, 2015

- III-B-15 Questionable Expenditures - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney Generals opinion dated April 25, 1979.
- III-C-15 Travel Expense - No expenditures of County money for travel expenses of spouses, of County officials, or employees were noted.
- III-D-15 Business Transactions – No business transactions between the County and County officials or employees were noted.
- III-E-15 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- III-F-15 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- III-G-15 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

We noted during testing that certain warrants that had been issued in the past have remained outstanding for more than 12 months.

Cause – The County has not taken action to locate the payees for these transactions or to submit the unclaimed property to the State of Iowa.

Effect – Unclaimed property has not been handled in accordance with regulations for unclaimed property.

Recommendation – The County should explore alternatives to get old outstanding warrants to the appropriate recipient or to forward those funds to the Treasurer of the State of Iowa.

## **HUMBOLDT COUNTY**

### **SCHEDULE OF FINDING Year Ended June 30, 2015**

Response – We will take action to clear unclaimed property either through issuing replacement warrants or through submitting unclaimed property to the proper authorities.

Conclusion – Response accepted.

III-H-15 Resource Enhancement and Protection Certification -The County properly dedicated property tax revenue and conservation purposes as required by Chapter 455A.19(l)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

III-I-15 Economic Development – During the year ended June 30, 2015, the County contributed \$40,000 to the Humboldt County Development Association. The economic development request included an overview of how the funds are to be used and the Board is provided a copy of the Association audit report.

III-J-15 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in exhibits A or B.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

III-K-15 Tax Increment Financing (TIF) – For the year ended June 30, 2015, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt but did not do so in a timely manner.

Cause - The County Auditor's office did not have time to complete the reconciliation by the due date.

Effect – The reconciliations were issued late.

Recommendation – The completed reconciliations should be provided to cities as soon as possible after December 1, but no later than the time that you provide Cities with the January 1 valuation reports.

Response - We will begin reconciling the TIF receipts to the amount of TIF debt certified for all cities within the County in a timely manner.

Conclusion - Response accepted.